



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

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State Auditor

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Director, Department of Audit

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NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

**Audited Financial Statements
For the Year Ended June 30, 1995**

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

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NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

FINANCIAL AUDIT REPORT

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

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State of Mississippi

OFFICE OF THE STATE AUDITOR
STEVEN A. PATTERSON
AUDITOR

INDEPENDENT AUDITOR'S REPORT

November 17, 1995

Dr. David Haraway, President
and Board of Trustees
Northwest Mississippi Community College
Senatobia, Mississippi

We have audited the accompanying balance sheet of Northwest Mississippi Community College as of June 30, 1995, the related statement of changes in fund balances and the statement of current fund revenues, expenditures and other changes for the year then ended. These financial statements are the responsibility of Northwest Mississippi Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Mississippi Community College at June 30, 1995, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made primarily for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules listed as supplemental information in the table of contents, including the Schedule of Federal Financial Assistance and the Schedule of Disbursements for Each Student Financial Assistance Program, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Northwest Mississippi Community College. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Wm S Jones", with a long, sweeping horizontal line extending to the right.

WILLIAM S. JONES, CPA
Director, Department of Audit

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

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NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

AUDITED FINANCIAL STATEMENTS

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Balance Sheet
June 30, 1995
(With Comparative Figures at June 30, 1994)

Exhibit A

ASSETS	Current Year	Prior Year	LIABILITIES AND FUND BALANCES	Current Year	Prior Year
Current Funds			Current Funds		
Current Unrestricted Funds:			Current Unrestricted Funds:		
Cash and other deposits (Note 4)	\$ 1,782,121	1,497,019	Accounts payable and accrued expenses	\$ 514,877	514,876
Investments (Note 5)	2,340		Deposits refundable	46,745	64,515
Accounts receivable:			Deferred credits	1,545	
State appropriation	591,984	120,906	Fund balances:		
Students, less allowance of			Unallocated		
\$1,439,000 (1995) and			General	1,503,072	1,170,134
\$1,425,000 (1994)	20,910	15,333	Auxiliary	1,439,460	869,149
Other	353,863	203,708			
Inventories	217,957	244,477			
Prepaid items and deferred charges	83,217	18,310			
Due from other funds	453,307	518,921			
Total Current Unrestricted Funds	<u>3,505,699</u>	<u>2,618,674</u>	Total Current Unrestricted Funds	<u>3,505,699</u>	<u>2,618,674</u>
Current Restricted Funds:			Current Restricted Funds:		
Cash and other deposits (Note 4)	88,496	84,701	Accounts payable and accrued expenses	16,738	6,288
Other accounts receivable	470,523	285,526	Due to other funds	453,307	278,858
			Fund balance:		
			Allocated	88,974	85,081
Total Current Restricted Funds	<u>559,019</u>	<u>370,227</u>	Total Current Restricted Funds	<u>559,019</u>	<u>370,227</u>
Total Current Funds	<u>\$ 4,064,718</u>	<u>2,988,901</u>	Total Current Funds	<u>\$ 4,064,718</u>	<u>2,988,901</u>
Loan Funds			Loan Funds		
Cash and other deposits (Note 4)	\$	858	Fund balances:	\$	
Notes receivable:			Federal	1,427	2,993
Federal student loans, less allowance of			Institution		333
\$310,000 (1995) and					
\$310,000 (1994) (Note 6)	1,427	2,468			
Total Loan Funds	<u>\$ 1,427</u>	<u>3,326</u>	Total Loan Funds	<u>\$ 1,427</u>	<u>3,326</u>

Plant Funds		
Cash and other deposits (Note 4)	\$ 3,026,729	5,621,692
Other accounts receivable	67,114	170,005
Land	1,893,595	1,693,595
Improvements other than buildings	1,331,192	1,231,855
Buildings	20,430,280	19,412,017
Furniture, machinery and equipment	5,145,012	4,987,920
Books and films	1,163,746	1,059,822
Livestock	89,825	84,350
Assets under capital leases (Note 7)	527,600	527,600
Construction in progress (Note 8)	8,358,075	4,436,457
Total Plant Funds	\$ <u>42,033,168</u>	<u>39,225,313</u>
Agency Funds		
Cash and other deposits (Note 4)	\$ 20,930	18,121
Deferred compensation plan assets at fair market value (Note 10)	415,947	394,498
Total Agency Funds	\$ <u>436,877</u>	<u>412,619</u>

Plant Funds		
Accounts payable	\$ 159,907	
Due to other funds	240,063	
Notes payable (Note 7)	7,897,000	8,342,000
Obligations under capital leases (Note 7)	368,293	414,166
Retainage payable	644,725	263,699
Fund balances:		
Unexpended	2,449,118	5,128,028
Net investment in plant	30,674,032	24,677,450
Total Plant Funds	\$ <u>42,033,168</u>	<u>39,225,313</u>
Agency Funds		
Due to depositors	\$ 436,877	412,619
Total Agency Funds	\$ <u>436,877</u>	<u>412,619</u>

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Statement of Changes in Fund Balances
For the Year Ended June 30, 1995

Exhibit B

	Current Funds			Loan Funds	Plant Funds		
	Unrestricted	Restricted	Total		Unexpended	Retirement of Indebtedness	Investment in Plant
Revenues and Other Additions							
Tuition and fees	\$ 3,900,846		3,900,846				
State appropriations	10,023,342		10,023,342		883,991		
Local appropriations	2,192,850		2,192,850		1,632,409		
Federal grants and contracts	309,193	5,322,596	5,631,789		153,165		
State grants and contracts	1,915,580	56,391	1,971,971		211,389		
Private gifts, grants & contracts	47,832	9,743	57,575				
Investment income	93,541	3,893	97,434	9	128,356		
Interest on loans receivable				153			
Additions to plant facilities							5,872,678
Retirement of indebtedness							490,873
Sales and services of educational activities	160,217		160,217				
Sales and services of auxiliary activities	2,631,361		2,631,361				
Other	127,123	200	127,323		26,614		
Total Rev. & Other Additions	21,401,885	5,392,823	26,794,708	162	3,035,924		6,363,551
Expenditures & Other Deductions							
Educational and general:							
Instruction	9,553,261	2,048,620	11,601,881				
Academic support	640,803	4,137	644,940				
Student services	2,052,944	219,260	2,272,204				
Institutional support	2,038,126	8,697	2,046,823				
Operation & maint. of plant	3,400,411	2,005	3,402,416				
Student aid	315,937	3,078,802	3,394,739				
Total Educational and General	18,001,482	5,361,521	23,363,003				
Auxiliary	2,047,654	81,335	2,128,989				
Refunds to grantors				1,855			
Administrative costs recovered		26,411	26,411				
Indirect costs recovered		248	248				
Repairs and maintenance					1,084,651		
Expended for plant facilities					3,986,183		
Plant assets sold or retired							366,969
Retirement of indebtedness						490,873	
Interest on indebtedness						508,248	
Provision for uncollectible accts.	14,000		14,000				
Total Expenditures and Other Deductions	20,063,136	5,469,515	25,532,651	1,855	5,070,834	999,121	366,969
Transfers - Additions (Deductions)							
Mandatory:							

Principal and interest	(355,121)		(355,121)		(644,000)	999,121	
Restricted fund matching	<u>(80,585)</u>	<u>80,585</u>					
Total Mandatory	<u>(435,706)</u>	<u>80,585</u>	<u>(355,121)</u>		<u>(644,000)</u>	<u>999,121</u>	
Other:							
Other	<u>206</u>		<u>206</u>	<u>(206)</u>			
Total Other	<u>206</u>		<u>206</u>	<u>(206)</u>			
Total Transfers	<u>(435,500)</u>	<u>80,585</u>	<u>(354,915)</u>	<u>(206)</u>	<u>(644,000)</u>	<u>999,121</u>	
Net Increase (Decr.) for Year	<u>903,249</u>	<u>3,893</u>	<u>907,142</u>	<u>(1,899)</u>	<u>(2,678,910)</u>		<u>5,996,582</u>
Fund Balance at Beg. of Year	<u>2,039,283</u>	<u>85,081</u>	<u>2,124,364</u>	<u>3,326</u>	<u>5,128,028</u>		<u>24,677,450</u>
Fund Balance at End of Year	\$ <u><u>2,942,532</u></u>	<u><u>88,974</u></u>	<u><u>3,031,506</u></u>	<u><u>1,427</u></u>	<u><u>2,449,118</u></u>	<u><u>0</u></u>	<u><u>30,674,032</u></u>

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Statement of Current Fund Revenues, Expenditures and Other Changes
For the Year Ended June 30, 1995
(With Comparative Figures for the Year Ended June 30, 1994)

Exhibit C

	Current Year			Prior Year
	Unrestricted	Restricted	Total	Total
Revenues and Other Additions				
Tuition and fees	\$ 3,900,846		3,900,846	3,923,431
State appropriations	10,023,342		10,023,342	6,683,253
Local appropriations	2,192,850		2,192,850	2,082,660
Federal grants and contracts	309,193	5,292,419	5,601,612	5,499,777
State grants and contracts	1,915,580	56,071	1,971,651	1,661,950
Private gifts, grants and contracts	47,832	9,688	57,520	62,606
Investment income	93,541	3,893	97,434	75,066
Sales and services of educational activities	160,217		160,217	156,034
Sales and services of auxiliary activities	2,631,361		2,631,361	3,423,807
Other	127,123	200	127,323	97,050
Total Revenues and Other Additions	21,401,885	5,362,271	26,764,156	23,665,634
Expenditures & Mandatory Transfers				
Educational and general:				
Instruction	9,553,261	2,048,620	11,601,881	9,859,393
Academic support	640,803	4,137	644,940	509,562
Student services	2,052,944	219,260	2,272,204	1,838,677
Institutional support	2,038,126	8,697	2,046,823	1,618,667
Oper. & maintenance of plant	3,400,411	2,005	3,402,416	2,100,347
Student aid	315,937	3,078,802	3,394,739	3,604,649
Total Educational and General Expenditures	18,001,482	5,361,521	23,363,003	19,531,295
Mandatory transfers:				
Principal and interest	355,121		355,121	358,611
Restricted fund matching	80,585	(80,585)		
Total Educational and General	18,437,188	5,280,936	23,718,124	19,889,906
Auxiliary enterprises:				
Expenditures	2,047,654	81,335	2,128,989	2,718,742
Total Auxiliary Enterprises	2,047,654	81,335	2,128,989	2,718,742
Total Expenditures and Mandatory Transfers	20,484,842	5,362,271	25,847,113	22,608,648
Other Transfers - Additions (Ded.)				
Excess restricted receipts over expenditures & mandatory transfers		30,552	30,552	43,160
Other	206		206	3,106
Administrative costs recovered		(26,411)	(26,411)	(39,076)
Indirect costs recovered		(248)	(248)	(520)
Provision for uncollectible accounts	(14,000)		(14,000)	(12,231)
Total Other Transfers - Additions (Deductions)	(13,794)	3,893	(9,901)	(5,561)
Net Change in Fund Balance	\$ 903,249	3,893	907,142	1,051,425

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Summary of Significant Accounting Policies For the Year Ended June 30, 1995

The significant accounting policies followed by Northwest Mississippi Community College are described below to enhance the usefulness of the financial statements to the reader.

(1) Basis of Accounting.

Northwest Mississippi Community College uses the accounting system set out in the "Accounting Manual for Mississippi's Public Junior Colleges." This manual conforms in most respects with the principles set forth in the "Financial and Reporting Manual for Higher Education" issued by the National Association of College and University Business Officers (NACUBO), and the Industry Audit Guide, "Audits of Colleges and Universities" issued by the American Institute of Certified Public Accountants, while acknowledging the goals and activities of Mississippi's public community colleges.

The accompanying financial statements have been prepared generally on the accrual basis with the following exceptions, which are common practices in colleges and universities:

- A. Depreciation on physical plant and equipment has not been provided.
- B. To the extent that Current Funds are used to finance plant assets, the amounts so provided are accounted for as (a) expenditures, in the case of normal acquisition and/or replacement of moveable equipment and library books; (b) mandatory transfers, in the case of required provisions for debt amortization and interest, and equipment renewals and replacements; and (c) transfers of a nonmandatory nature for all other cases.
- C. Interest on student loans is recorded only when received.
- D. Interest expense on debt is recorded when paid.

Gifts, grants and pledges are generally recorded when received or when billable.

Investments are recorded at cost if purchased or if acquired by gift at fair market value at the time of donation.

Property, buildings and equipment are stated at cost at the date of acquisition or fair market value at date of donation. Improvements made as part of repair and renovation projects are capitalized based upon institution estimates which approximate cost. Public domain (infrastructure) fixed assets consisting of certain improvements other than buildings, such as roads, bridges, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the institution, are capitalized.

The interest cost of restricted tax-exempt borrowings, less any interest earned on temporary investment of the proceeds of those borrowings until the specified qualifying assets acquired with those borrowings are ready for their intended use, is capitalized.

Merchandise for resale inventories and consumable supply inventories are stated at cost, with cost being determined principally by the first-in, first-out method. Livestock inventories are valued at anticipated net realizable value.

All revenues and related expenditures incurred in connection with summer sessions are reported within the fiscal year in which the summer sessions are predominantly conducted.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Summary of Significant Accounting Policies For the Year Ended June 30, 1995

Service activities at the institution are those activities which provide general services benefiting many funds. Service activities include physical plant and telephone exchange. Such activities are maintained during the fiscal year as Auxiliary Funds for management purposes. These activities' expenditures are allocated to other funds based upon a user charge system. At fiscal year-end, any over or under allocation made during the year is closed to institutional support in the Current Unrestricted Fund.

(2) Fund Accounting.

In order to insure observance of limitations and restrictions placed on the use of the resources available, the accounts of the institution are maintained in accordance with the principles of "fund accounting." This accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The Current Funds are used primarily to account for transactions which are expended in performing the primary and support objectives of the institution.

Current Funds consist of the following:

- A. The Unrestricted Fund which is used to account for:
 - 1. The appropriated budget as approved by the Mississippi State Legislature and the Board of Trustees of Northwest Mississippi Community College.
 - 2. The transactions of substantially self-supporting activities that primarily provide services for students, faculty and staff.
- B. The Restricted Fund which is used to account for Current Funds expended for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Other funds consist of the following:

- A. The Loan Funds are used to account for loans to students. Resources to provide loans are derived primarily from the federal government. Provisions of the federal loan program stipulate that:
 - 1. The institution matches one-ninth of the federal contributions.
 - 2. A portion of the loan principal and interest (maximum of 30% per year) will be canceled and absorbed by the federal government, if the recipient completes certain employment requirements.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Summary of Significant Accounting Policies
For the Year Ended June 30, 1995

- B. The Plant Funds which are used to account for the transactions relating to institution physical properties include:
1. The Unexpended Plant Fund which is comprised of amounts which have been appropriated or designated for the purchase of institution physical properties or the repair and maintenance of such physical properties.
 2. The Retirement of Indebtedness Plant Fund which represents resources held for the retirement of and interest on debt and includes sinking funds established under bond indentures and note and lease amortization payments accumulated, but not yet due.
 3. The Investment in Plant Fund which represents the total physical properties in service by the institution and all construction in progress as well as any associated liabilities.
- C. Agency Funds account for assets held by the institution as ~~st~~odian or fiscal agent for others. Consequently, the transactions of this fund do not affect the statement of changes in fund balances.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Notes to Financial Statements For the Year Ended June 30, 1995

(1) Appropriations - General Operations.

Northwest Mississippi Community College receives funds from the state of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the state of Mississippi.

In addition, the institution receives funds from taxes levied by the counties in the district for general support, maintenance and capital improvement.

(2) Accrued Leave.

Because the institution does not provide for the accumulation of sick leave or vacation beyond the current fiscal year, no liability has been accrued in the financial statements.

(3) Capitalization of Interest.

The institution capitalizes the interest costs on funds borrowed to finance the construction of fixed assets less the interest income derived from the investment of the borrowed funds. For the year ended June 30, 1995, net interest costs of \$244,927 (interest cost of \$334,000, reduced by interest income of \$89,073) was capitalized in connection with construction in progress.

(4) Cash and Other Deposits.

For financial statement purposes, cash and other deposits are represented by demand accounts and time deposits such as savings accounts, certificates of deposit and money market funds. Also included in this account are imprest cash accounts held by the institution. The carrying amount of the institution's cash and other deposits at June 30, 1995, was \$4,918,276 and the depository balance, including accrued interest of \$9,286, was \$6,075,382. All depository balances were covered by federal depository insurance or by collateral held by the institution or its agent.

(5) Investments.

The following table presents the carrying and market value of investments by type and categorizes the carrying amounts as follows: category 1 are those which are insured or registered, or held by the institution or its agent; category 2 are those which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the name of the institution; and, category 3 are those which are uninsured or unregistered, with securities held by the counterparty or by its trust department or its agent but not in the name of the institution.

	Category			Carrying	Market
	-1-	-2-	-3-	Amount	Value
Corporate equities	\$ 2,340			2,340	3,109
Total	\$ 2,340	0	0	2,340	3,109

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Notes to Financial Statements For the Year Ended June 30, 1995

(6) Notes Receivable From Students.

Notes receivable from students are payable in installments over a period of up to ten years, commencing three to 12 months from the date of separation from the institution. The following is a schedule of interest rates and unpaid balances for notes receivable held by the institution at June 30, 1995:

	Interest Rates	Unpaid Balance 6-30-95
Perkins student loans	3% to 5%	\$ 311,427
Less: Allowance for Doubtful Accounts		310,000
Net Notes Receivable		<u>\$ 1,427</u>

(7) Long-term Debt.

The institution has long-term obligations of the following:

Description and Purpose	Original Issue	Annual Interest Rate	Maturity Date	Amount Owed at 6-30-95
A. Notes.				
Union Renovation and Addition Note of 1988	\$ 850,000	8.00%	2003	\$ 576,000
Roof and Renovation Note of 1989	850,000	8.25%	2003	596,000
Dormitory Note, Series 1989	600,000	8.50%	2004	455,000
Educational Facilities Notes, Series 1991	1,805,000	5.60% to 8.00%	1999	1,280,000
Educational Facilities Refunding Notes, Series 1993	4,130,000	2.80% to 5.20%	2007	4,090,000
Educational Facilities Notes, Series 1993	900,000	5.40% to 5.50%	2008	900,000
Total Notes	<u>\$ 9,135,000</u>			<u>\$ 7,897,000</u>
B. Capital Leases.				
Energy Management System	\$ 527,600	7.43%	2002	\$ 368,293
Total Capital Leases	<u>\$ 527,600</u>			<u>\$ 368,293</u>

This lease covers a period of nine years. The institution has the option to prepay all outstanding payments less any unearned interest to fully satisfy the obligation.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Notes to Financial Statements For the Year Ended June 30, 1995

There is also a fiscal funding addendum that states that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period.

The amount capitalized as leased property under capital leases is the amount of the original obligation.

Annual requirements to amortize outstanding long-term debt are as follows:

Year Ending June 30	Total	Notes	Leases
1996	\$ 994,652	917,455	77,197
1997	999,624	922,427	77,197
1998	995,151	917,954	77,197
1999	995,392	918,195	77,197
2000	1,002,585	925,388	77,197
Later years	6,386,413	6,305,866	80,547
Total	11,373,817	10,907,285	466,532
Less: Amounts			
Representing Interest	3,108,524	3,010,285	98,239
Total at Present Value	\$ 8,265,293	7,897,000	368,293

(8) Construction Commitments and Financing.

The institution has contracted for the construction of the following projects. At June 30, 1995, estimated costs to complete the project are \$1,753,712. The remaining costs are to be funded by note proceeds, state and local funding.

Project	Cost to Complete
DeSoto Center	\$ 735,177
Humanities roofing project	80,904
West Tate Hall overframe project	34,243
Old boiler building overframe project	27,370
Fine Arts Auditorium	402,922
Tech III HVAC project	22,362
Gainey Dorm renovation	402,284
Art Building roof replacement	24,240
Toilet renovations	24,210
Total	\$ 1,753,712

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Notes to Financial Statements
For the Year Ended June 30, 1995

(9) Pension Plan.

Plan Description.

Northwest Mississippi Community College contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the state of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy.

PERS members are required to contribute 7.25% of their annual covered salary and Northwest Mississippi Community College is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the state of Mississippi Legislature. Northwest Mississippi Community College's contributions to PERS for the years ending June 30, 1995, 1994, and 1993 were \$1,160,957, \$998,885 and \$928,213, respectively, equal to the required contributions for each year.

(10) Deferred Compensation Plan.

The institution, through the Mississippi Public Employees' Retirement System (PERS), offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the institution (without being restricted to the provisions of benefits under the plan), subject only to the claims of the institution's general creditors. Participants' rights under the plan are equal to those of general creditors of the institution in an amount equal to the fair market value of the deferred account for each participant.

The Mississippi Public Employees' Retirement System maintains the deferred compensation plan account in the name of the institution. The amount of assets held for participants employed by Northwest Mississippi Community College as of June 30, 1995, was \$415,947.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Notes to Financial Statements
For the Year Ended June 30, 1995

(11) Foundation.

The Northwest Mississippi Community College Foundation, Inc., is an independent corporation formed for the purpose of receiving funds for the sole benefit of the institution. Following is an unaudited summary of the foundation's financial position at June 30, 1995, which amounts are not included in the financial statements of the institution:

<u>Assets</u>	<u>Amount</u>
Cash and investments	\$ <u>411,686</u>
Total Assets	\$ <u><u>411,686</u></u>
<u>Liabilities and Fund Balances</u>	
Fund balances:	
Current Funds:	
Unrestricted	\$ 26,255
Restricted	<u>385,431</u>
Total Liabilities and Fund Balances	\$ <u><u>411,686</u></u>

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

SUPPLEMENTAL INFORMATION

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

Schedule 1

	CFDA NUMBER	DIRECT FEDERAL	FEDERAL FLOW- THROUGH	TOTAL REVENUES	TOTAL EXPENDITURES
Major Programs					
Student Financial Aid:					
Department of Education	N/A \$	3,248,893	8,276	3,257,169	3,265,736
Private Lending Institutions	84.032				596,855
Department of Labor	17.250		18,774	18,774	18,774
Total Student Financial Aid		3,248,893	27,050	3,275,943	3,881,365
Other:					
Department of Education:					
Adult Education - State-Administered					
Basic Grant	84.002A		439,664	439,664	562,579
Vocational Education - Basic					
Grants to States	84.048		338,859	338,859	338,859
Department of Labor:					
Job Training Partnership Act	17.250		1,231,191	1,231,191	1,231,191
Total Other			2,009,714	2,009,714	2,132,629
Total Major Programs		3,248,893	2,036,764	5,285,657	6,013,994
Other Federal Assistance					
Department of Education:					
Student Support Services	84.042A	176,519		176,519	176,519
Tech-Prep Education	84.243A		79,604	79,604	87,830
Department of Health and Human Services:					
Job Opportunities and Basic Skills Training	93.561		22,664	22,664	22,805
Department of Labor:					
Employment Service	17.207	62,600		62,600	72,061
Veterans' Administration:					
Post-Vietnam Era Veterans'					
Educational Assistance	64.120	537		537	537
Department of Agriculture:					
National Rural Health	10.500		101,651	101,651	101,651
Small Business Administration:					
Small Business Development Center	59.037		37,500	37,500	56,795
Federal Emergency Management Agency:					
Disaster Assistance	83.516		18,222	18,222	18,222
Total Other Federal Assistance		239,656	259,641	499,297	536,420
Total Federal Financial Assistance	\$	3,488,549	2,296,405	5,784,954	6,550,414

See accompanying Notes to Schedule of Federal Financial Assistance.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Schedule of Disbursements for Each Student Financial Assistance Program
For the Year Ended June 30, 1995

Schedule 2

Program	CFDA Number	Year Ended June 30, 1995
Federal Work-study Program:	84.033	
Student wages		\$ 179,297
Administrative cost allowance		15,379
Carry forward		3,985
Carry back		(5,710)
Transfer to SEOG		21,407
Total		<u>\$ 214,358</u>
Federal Supplemental Educational Opportunity Grant Program:	84.007	
Student grants		\$ 128,281
Transfer to College Work-study		(21,407)
Total		<u>\$ 106,874</u>
PELL Grant Program:	84.063	
Student grants		\$ 2,908,815
Administrative cost allowance		9,335
Total		<u>\$ 2,918,150</u>
State Student Incentive Grant Program:	84.069	
Student grants		<u>\$ 16,843</u>
Stafford Student Loan Program:	84.032	
Student loans advanced		<u>\$ 594,655</u>
Parent Loans for Undergraduate Students Program:	84.032	
Student loans advanced		<u>\$ 2,200</u>

This schedule is based on award year information instead of fiscal year.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
Summary of Financial Aid Programs Tested
For the Year Ended June 30, 1995

Schedule 3

Financial Aid Program

Grant Number

Federal Work-study Program (FWS)
Federal Supplemental Educational Opportunity Grant Program (FSEOG)
PELL Grant Program
Stafford Loan Program
State Student Incentive Grant Program (SSIG)
Parent Loans for Undergraduate Students Program (PLUS)
Supplemental Loans for Students Program (SLS)

P033A42261
P007A42261
P063P43595
N/A
N/A
N/A
N/A

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

Notes to Schedule of Federal Financial Assistance For the Year Ended June 30, 1995

A. Basis of Presentation.

The accompanying Schedule of Federal Financial Assistance (the schedule) has been generally prepared in the format as set forth in Statement of Position 92-9. The purpose of the schedule is to present a summary of those activities represented by Northwest Mississippi Community College for the year ended June 30, 1995, which have been financed by the U.S. Government (federal awards). For the purposes of the schedule, federal awards include all federal assistance and procurement relationships entered into directly between Northwest Mississippi Community College and the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the schedule presents only a selected portion of the activities of Northwest Mississippi Community College, it is not intended to and does not present either the financial position or the changes in fund balances of Northwest Mississippi Community College.

In accordance with Office of Management and Budget (OMB) Circular A-133, federal awards are classified as follows:

Major Programs - Total federal program expenditures, exclusive of Stafford and Perkins Loans advanced, are the larger of three percent of total federal funds expended or \$100,000.

Student Financial Aid (SFA)
Other

Other Federal Assistance - Federal awards that do not meet the definition of major programs.

For purposes of this schedule, SFA expenditures include the total of loans advanced from the various loan programs. These loans are not reported as expenditures on the financial statements but as an increase in notes receivable.

The "Private Lending Institutions" category in the SFA section primarily includes loans made directly to students from the Stafford Loan Program.

Individual awards within each category of federal awards are identified by CFDA number and program name if the award is individually significant to the category of award. All other awards are presented in total by funding agency.

B. Revenue and Expenditure Recognition.

Revenue is recognized when received or when earned by the institution.

Deductions (expenditures) for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the U.S. Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, expenditures include a portion of costs associated with general institution activities (indirect costs) which are allocated to federal awards under negotiated formulas commonly referred to as indirect cost rates. Indirect costs and related revenues applicable to these cost recoveries are classified as unrestricted revenues and expenditures of the general purpose financial statements.

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

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NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

COMPLIANCE REPORT ON MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

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State of Mississippi

OFFICE OF THE STATE AUDITOR
STEVEN A. PATTERSON
AUDITOR

COMPLIANCE REPORT ON MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

November 17, 1995

Dr. David Haraway, President
and Board of Trustees
Northwest Mississippi Community College
Senatobia, Mississippi

We have audited the balance sheet of Northwest Mississippi Community College as of June 30, 1995, the related statement of changes in fund balances, the statement of current fund revenues, expenditures and other changes and the schedule of federal financial assistance and have issued our report thereon dated November 17, 1995. We have also audited the institution's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated November 17, 1995.

We have also audited Northwest Mississippi Community College's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; claims for advances and reimbursements; cost allocation; special requirements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended June 30, 1995. The management of Northwest Mississippi Community College is responsible for the institution's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards Government Auditing Standards issued by the Comptroller General of the United States and OMB Circulars A-110 and A-133. Those standards and OMB Circulars A-110 and A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the institution's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Northwest Mississippi Community College complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; claims for advances and reimbursements; cost allocation; special requirements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1995.

This report is intended for the use of Northwest Mississippi Community College, the cognizant audit agency and other agencies. This restriction is not intended to limit the distribution of this report which is a matter of public record.

A handwritten signature in black ink, appearing to read "Wm S Jones", with a long horizontal flourish extending to the right.

WILLIAM S. JONES, CPA
Director, Department of Audit

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

REPORT ON INTERNAL CONTROL

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

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State of Mississippi

OFFICE OF THE STATE AUDITOR
STEVEN A. PATTERSON
AUDITOR

REPORT ON INTERNAL CONTROL

November 17, 1995

Dr. David Haraway, President
and Board of Trustees
Northwest Mississippi Community College
Senatobia, Mississippi

We have audited the balance sheet of Northwest Mississippi Community College as of June 30, 1995, the related statement of changes in fund balances, the statement of current fund revenues, expenditures and other changes and the schedule of federal financial assistance and have issued our report thereon dated November 17, 1995. We have also audited the institution's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated November 17, 1995.

We conducted our audit in accordance with generally accepted auditing standards Government Auditing Standards issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circulars A-110 and A-133. Those standards and OMB Circulars A-110 and A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the institution complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1995, we considered the institution's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the institution's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133.

The management of Northwest Mississippi Community College is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Accounting Controls

- Revenue/cash receipts
- Purchasing/cash disbursements
- Payroll
- Property control
- Journal vouchers/interdepartmental transactions

Administration of Federal Financial Assistance Programs

General Requirements

- Political activity
- Civil rights
- Cash management
- Drug-free workplace
- Financial reporting
- Allowable costs/cost principles
- Administrative requirements

Specific Requirements

- Types of services
- Eligibility
- Matching, level of effort
- Reporting
- Cost allocation
- Special requirements, if any

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures, determined whether they have been placed in operation and we assessed control risk.

For the year ended June 30, 1995, the institution expended 92% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls as required by OMB Circular A-133 to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the institution's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be a material weakness under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level of risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited or that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the use of Northwest Mississippi Community College, the cognizant audit agency and other agencies. This restriction is not intended to limit the distribution of this report which is a matter of public record.

A handwritten signature in black ink, appearing to read "Wm S Jones", with a long horizontal line extending to the right.

WILLIAM S. JONES, CPA
Director, Department of Audit

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

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NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

MANAGEMENT REPORT

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE

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State of Mississippi

OFFICE OF THE STATE AUDITOR
STEVEN A. PATTERSON
AUDITOR

MANAGEMENT REPORT

November 17, 1995

Dr. David Haraway, President
and Board of Trustees
Northwest Mississippi Community College
Senatobia, Mississippi

We have audited the balance sheet of Northwest Mississippi Community College as of June 30, 1995, the related statement of changes in fund balances, the statement of current fund revenues, expenditures and other changes and the schedule of federal financial assistance for the year then ended and have issued our report thereon dated November 17, 1995. We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards issued by the Comptroller General of the United States; the provisions of OMB Circulars A-110 and A-133; the provisions of compliance features identified in the Department of Health and Human Services (DHHS) Guidelines for Audits of Federal Awards to Educational Institutions (guidelines); and the provisions of compliance features identified in the U.S. Department of Education Audit Guide for Student Financial Assistance Programs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Laws and Regulations

Compliance with laws, regulations, contracts, grants and binding policies and procedures applicable to Northwest Mississippi Community College is the responsibility of the institution's management. As part of our audit, we performed tests of the institution's compliance with certain provisions of laws, regulations, contracts, grants and binding policies and procedures. However, it should be noted that we performed those tests of compliance as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement; our objective was not to provide an opinion on compliance with such provisions.

The results of our tests indicate that for the items tested, Northwest Mississippi Community College had complied with those laws and regulations referred to above, noncompliance with which could have a material effect on the audited financial statements. With respect to transactions not tested, nothing came to our attention to indicate that Northwest Mississippi Community College had not complied with the laws and regulations, noncompliance with which could have a material effect on the audited financial statements.

Compliance with Requirements of the Federal Financial Assistance Programs

A. Compliance with Specific Requirements for Major Programs.

Summary of Transactions for Major Programs.

1. Student Financial Aid.	<u>Number of Items</u>	<u>Total</u>
Universe		\$ 3,881,365
Sample	46	73,913
2. Other Major Programs.	<u>Number of Items</u>	<u>Total</u>
A. Job Training Partnership Act		
Universe		\$ 1,231,191
Sample	44	851,281
B. Adult Education - State Administered Basic Grant Program		
Universe		\$ 562,579
Sample	27	318,676
C. Vocational Education - Basic Grants to States		
Universe		\$ 338,859
Sample	25	301,239

For the items tested, we found no significant or material instances of noncompliance with specific requirements of the major federal financial assistance programs.

B. Compliance with General Requirements.

We have applied procedures to test Northwest Mississippi Community College's compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended June 30, 1995:

1. Political activity
2. Drug-free workplace
3. Civil rights
4. Cash management
5. Financial reporting
6. Allowable costs/cost principles
7. Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the institution's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no instances of noncompliance with the requirements listed in the preceding paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Northwest Mississippi Community College had not complied with those requirements.

C. Compliance with Specific Requirements for Nonmajor Programs.

In connection with our audit of the 1995 financial statements of Northwest Mississippi Community College and with our study and evaluation of the internal control structure used to administer federal financial assistance programs, as required by OMB Circulars A-110 and A-133, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1995.

As required by OMB Circulars A-110 and A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the institution's compliance with these requirements. Accordingly, we do not express such an opinion.

Summary of Transactions for Nonmajor Programs.

	<u>Number of Items</u>	<u>Total</u>
Universe		\$ 536,420
Sample	4	6,466

With respect to the transactions tested, the results of those procedures disclosed no instances of noncompliance with the requirements listed in the preceding paragraph. With respect to the transactions not tested, nothing came to our attention that caused us to believe that the institution had not complied, in all respects, with those requirements.

State Laws and Regulations

For the items tested, the institution had complied with state laws and regulations. For the items not tested, nothing came to our attention that would lead us to believe the institution had not complied with state laws and regulations.

Follow-up on Prior Year Findings

Government Auditing Standards require the auditor to disclose the status of known but uncorrected significant or material findings from prior audits. There were no findings noted in the previous audit that were not corrected.

This report is intended for the use of Northwest Mississippi Community College, the cognizant audit agency and other federal audit agencies. This restriction is not intended to limit the distribution of this report which is a matter of public record.



WILLIAM S. JONES, CPA
Director, Department of Audit

NORTHWEST MISSISSIPPI COMMUNITY COLLEGE
DATA SHEET
For the Year Ended June 30, 1995

Lead Auditor: Norman McLeod, CPA

Telephone Number: (601) 364-2720

Contact Person at Institution: Mr. Steve McClellan

Address of Contact: Northwest Mississippi Community College
P.O. Drawer P
Senatobia, Mississippi 38668

Telephone Number of Contact: (601) 562-3216

The field audit work was performed between June 30, 1995 and November 17, 1995, at the institution's facilities as follows:

Location	Description of Facility	Dates Visited
Senatobia, Mississippi	Administration Building	6/30/95 - 11/17/95

Institution's Accrediting Organization: Southern Association of Colleges and Schools

The institution does not utilize a student financial aid (SFA) servicer.

Records for the accounting and administration of the SFA programs are located in the Administration Building at the Senatobia, Mississippi campus.

